Message Text

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EO 11652: GDS

TAGS: PINT PFOR ECON VS

SUBJ: EMBASSY SAIGON'S MISSION WEEKLY JAN 17-22, 1974

BANGKOK ALSO PASS OSA; DEPT ALSO FOR AID/W; CINCPAC FOR POLAD;

DOD PRO USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK IN SUMMARY

MOST HEAVY FIGHTING THIS WEEK IN MR-2

ICCS STILL LARGELY MARKING TIME

CONSTITUTIONAL AMENDMENTS PASSED BY ASSEMBLY

GVN AMNESTIES SOME PRISONERS ON OCCASION OF TET

PRES THIEU'S PRE-TET TRAVELS

GVN EMPHASIZES TET SECURITY MEASURES

LABOR DISPUTE SETTLED

NATIONAL ASSEMBLY PROCLAMATION ON PARACELS

PRC/RVN CLASH OVER PARACELS

"PRG" REJECTS RVN PROPOSALS IN PARIS

HANOI ON PARACELS DISPUTE

DRV "WHITE BOOK" ON ANNIVERSARY OF PARIS AGREEMENT

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ITALIANS DONATE AID TO HANOI

VC DEL ENDS VISIT TO LAOS

COMMUNISTS BLAST PRES THIEU ON CONSTITUTIONAL AMENDMENTS

COMMUNISTS LAUD BIG MINH STATEMENT

PRE-TET PRICE SURGE

BLACK MARKET DOLLAR RATE STABLE: GOLD PRICE UP

AGRICULTURAL DEVELOPMENT BANK INCREASES LOANS IN 1973

I. INTERNAL

A. THE CEASEFIRE

ACTIVITY IN MR-1 INCREASED SLIGHTLY DURING THE PERIOD BUT THE REGION NONETHELESS REMAINED THE MOST QUIET IN THE RVN. THERE WERE NO INCIDENTS OF PARTICULAR NOTE.

MR-2 REMAINED RELATIVELY ACTIVE IN THE HIGHLANDS. THE NIGHT OF JAN 18 SAW A POL DUMP AT FORMER US CAMP HOLLOWAY (JUST SOUTH OF

LEIKU) DESTROYED BY APPARENT SAPPER ACTIVITY. FUEL STOCKS DESTROYED TOTALED SOME 350,000 LITERS OF MOGAS AND 160,000 LITERS PLUS OF JP-4. THE 3RD BN OF THE 40TH REGT SUFFERED SIGNIFICANT LOSSES AND WAS FORCED TO WITHDRAW FROM A POSITION NORTHWEST OF KONTUM CITY ON 18&19 JAN. THE 3/40 SUFFERED AN ABF IN EXCESS OF 1,000 ROUNDS, ONE OF THE HEAVIEST OF THE CEASEFIRE PERIOD. RT 19 BETHFEN QUI NHON AND PLEIKU HAS BEEN SUBJECT TO SPORADIC ENEMY HARASSMENT.

MR-3 CONTINUES TO EXPERIENCE RELATIVELY LIGHT COMBAT. SOME TRUCK CONVOYS WERE ALLOWED TO PROCEED FROM PHUOVFBINH TO BINH DUONG ALONG ROUTE 1-A TD OTHER TRUCKS WERE ALLOWED TO TRAVEZ ROUTE 13 FROM CHON THANH TO LAI KHE. THERE IS NO KNOWN REASON WHY THEHMBET CONG SUDDENLSHBEGAN ALLOWING TRAFFIC TO TRAVEL THESE TWO LONG-INTERDICTED HIGHWAYS.

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MR-4 WAS THE MOST ACTIVE REGION IN THE COUNTRY -- AVERAGING
ABOUT 70 MILITARY INCIDENTS PER DAY. THERE WAS NO APPARENT
PATTERN TO THESE INCIDENTS AND THERE WERE NONE OF PARTICLAR OVERALL
SIGNIFICANCE.

THE INTERNATIONAL COMMISSION FOR CONTROL AND SUPERVISION (ICCS) SPENT THE PAST WEEK MARKING TIME UNTIL THE RETURN JAN 21 OF IRDEL CHIEF AMB SADRI FROM CONSULTATIONS IN TEHRAN AND IN SWITZERLAND WITH THE SHAH: AND FOR THE ARRIVAL JAN 18 OF NEWLY APPOINTED HUNGDEL AM LORINCZ-NAGY. NOT FURTHER PROGRESS APPEARS TO HAVE BEEN MADE IN RESOLVING DELAYS AND POSTPONEMENTS IN ICCS INVESTIGATIONS. WORK ON REVISIONS IN THE ICCS BUDGET CONTINUED THROUGHOUT THE WEEK, BUT PRESENTATION OF A FINAL VERSION TO THE FOUR PARTIES APPEARS TO BE NOW SCHECULED FOR EARLY FEBRUARY. THE ICCS HAS RECEIVED AND ACCEPTED AN INVITATION TO

VISIT HANOI LATER IN JANUARY AND IS NOW BUSILY ATTEMPTING TO COMPLETE ARRANGEMENTS.

B. NATIMAL ASSEMBLY PASSES CONSTITUTIONAL AMENDMENTS

AT A JOINT SESSION OF THE TWO HOUSES JAN 19, THE NATIONAL ASSEMBLY PASSED THREE AMENDMENTS TO THE CONSTITUTION. THESE MEASURE AHD BEEN PROPOSED FOUR DAYS EARLIER, MAINLY BY PROADMINSTRATION DEPUTIES AND SENATORS. THE MOST CONTROVERSIAL AMENDMENT IS ONE EXTENDING THE PRESIDENTIAL TERM TO FIVE YEARS AND GIVING PRES THIEU AND YCCEEDING PRESIDENTS THE RIGHT TO RUN FOR A THIRD TERM. (SEE SAIGON 683, ITEM IB, FOR DETAILS OF THE AMENDMENTS).

MUSTERING 152 VOTES BY SHOW OF HANDS ON THE KEY BALOT SIX MORE THAN THE NECESSARY TWO-THIRDS FOR PASSAGE OF AMENDMENTS, THE MEASURES WERE APPROVED WITHOUT CHANGE. SOME TENSION DEVELOPED TOWARD THE END OF THE SESSION BETWEEN THE PRO-ADMINISTRATION MAJORITY AND THE OPPOSITION, BUT IT NEVER REACHED MAJOR PROPORTIONS OR HELD UP THE MEETING. AFTER THE SESSION FOUR OPPOSITION LEGISLATORS SHAVED THEIR HEADS IN PROTEST, INCLUDING SENATOR VU VAN MAU WHO HAD MADE THE SAME PROTEST IN 1963 AGAINST THE DIEM REGIME. ABOUT THIRTY OPPOSITIONISTS THEN MARCHED PEACEFQHLY THROUGH THE CENTER OF SAIGON CARRYING PLACARDS.

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SENATOR NGUYEN VAN HUYEN, WHO HEADS THE INDEPENDENT CATHOLIC-ORIENTED TU DO PARTY, PROCLAIMED THE "DISSOLUTION" OF THE PARTY FOLLOWING THE VOTE. HE ALSO ANNOUNCED HIS OWN RESIGNATION AS A SENATOR IN PROTEST. THE DISBANDING OF THE TU DO PARTY IS PRMWABLY RELATED TO THE FACT THAT SOME DEPUTIES OF THE SOCIAL DEMOCRATIC ALLIANCE, WHICH LIKE THE TU DO PARTY HAS BEEN STRUGGLING TO QUALIFY AS A FULL-FLEDGED PARTY UNDER THIEU'S 1972 DECREE LAW 060, WON FAVOR WITH THE ADMINISTRATIVE BY VOTING FOR THE AMENDMENTS. THIS MOVE PUT THE SDA IN A BETTER POSITION TO QUALIFY AS A LEGAL POLITICAL PARTY UNDER DL-060 THAN THE TU DO PARTY.

THERE ARE INDICATIONS THAT OPPOSITION AND INDEPENDENT LEGISLATORS WHO VOTED AGAINST THE AMENDMENTS ARE NOW TRYING TO CONSOLIDATE THEIR RANKS, BY FORMING A GROUP THAT EMBRACES BOTH HOUSES OF THE NATIONAL ASSEMBLEGAS WELL AS OTHER POLITICAL LEADERS, IN A SEPARATE MOVE, SENATOR MAU SAYS HE WIWU TAKE A CONSTITUTIONAL CASE TO THE SUPREME COURT PROTESTING THE JAN 19

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SESSION, WHICH HE AND FELLOW OPPOSITIONISTS CONSIDER "ILLEGAL" IN SOME RESPECTS. APART FROM THESE ACTION, NO MOVES BY THE OPPOSITION ARISING FROM THE AMENDMENTS ARE YET APPARENT. THE PUBLIC, PREOCCUPIED WITH TET IN ANY CASE, REMAINS BASICALLY UNCONCERNED. WHEN STUDENTS RETURN NEXT WEEK FROM THE HOLIDAYS, SOME DIFFICULTIES COULD CONCEVABLY OCCUR, BUT NOTHING SERIOUS IS PREDICTED.

IN A PRESS CONFERENCE JAN 20, UPPER HOUSE CHAIRMAN TRAN VAN LAM AND LOWER HOUSE CHAIRMAN NGUYEN BA CAN SOUGHT TO REFUTE CHARGES CIRCULATING AMONG THE OPPONENTS OF THE AMENDMENTS ALLEGING UNDUE HASTE, UNFAIRNESS, AND FRAUD IN THE JAN 19 SESSION.

ANSWERING A CHARGE THAT THE SHOW-OF-HANDS VOTE HAD BEEN WRONGLY COUNTED TO THE ADMINISTRATION'S ADVANTAGE, LAM POINTED TO THE FACT THAT 147 LEGISLATORS HAD SIGNED THE ORIGINAL PROPOSAL, MORE THAN THE NECESSARY TWO-THIRDS. LAM REPORTEDLY DESCRIBED THE OPPOSITION AS "LACKING SELF-CONTROL."

C. GVN AMNESTIES PRISONERS AT TET

PRESIDENT THIEU SIGNED A DECREE JANUARY 21 GRANTING

AMNESTY TO PRIU

CWRBHUL THE OCCASION OF TET. A TOTAL OF 210 $\,$

PRISONERS WERE RELEASED, AND 83 MORE HAD THEIR SENTENCES LESSENED.

THIS IS THE FIRST AMNESTY OF 1974. WE EXPECT THERE WILL BE SIX MORE ON MAJOR HOLIDAYS.

D. PRESIDENT THIEU'S PRE-TET TRAVELS

FOLLOWING A JAN 15-16 VISIT TO MR-1, PRESIDENT THIEU THIS WEEK CONTINUED HIS ROUND OF PRE-TET VISITS TO EACH MILITARY REGION. HE HAS CONCENTRATED HIS CALLS ON TROOPS IN THE FIELD. ON JAN 17 HE DROPPED IN ONE THE 47TH INF REGT, 22 ND DIV, IN PLEIKU, THE UNIT WHICH WAS ENGAGED IN THE RECAPTURE OF LE MINH (PLEI KJERANG). HE THEN VISITED THE 45TH REGT, THE UNIT WHICH CONFIDENTIAL

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RETOOK KIEN DUC DISTRICT TOWN, AT ITS BASE CAMP IN DUC LAP DISTRICT, QUANG DUC. HE ALSO VISITED A RANGER OUTPOST NEAR DAKSONG THAT AFTERNOON.

THE NEXT DAY PRESIDENT THIEU PRESIDED OVER A GRADUATION CEREMONY AT THE DALAT MILITARY ACADEMY. ACCORDING TO SAIGON

PRESS REPORTS, PRESIDENT THIEU TOLD THE ASSEMBLED CADETS INTER ALIA "WE CANNOT STAND WITH OUR ARMS FOLDED WHILE THE COMMUNISTS DELIVERATELY VIOLATE THE PARIS AGREEMENT AND ARE PRECOING TO LAUNCH A GENERAL OFFENSIVE." THE PRESIDENT UNDERLINED THAT THE RVN STILL KEEPS OPEN ITS PEACE PROPOSALS; IS ALWAYS MOTIVATED BY A SINCERE DESIRE TO RESTORE PEACE IN VN; BUT THAT THESE PROPOSALS REMAIN WITHOUT RESPONSE FROM THE COMMUNISTS. "WE ARE THEREFORE OBLIGED TO MAINTAIN OUR ARMED FORCES," HE SAID, "BECAUSE IF WE DO NOT. THE COMMUNISTS WILL IMPOSE UPON US A COMMUNIST-MADE PEACE, THAT IS TO SAY, TO MAKE US SLAVES TO A FOREIGN IDEOLOGY AND TO FOREIGN POWERS... WE SPEAK TO THE COMMUNISTS WITH A SINCERE DESIRE FOR PEACE," HE CONTINUED, "BUT NOT FROM A POSITION OF WEAKNESS. ON THE CONTRARY, WE ENJOY THE SUPPORT OF THE WHOLE VIETNAMESE PEOPLE AND OF OUR ARMY, WITH THE SUPPORT OF A STRONG GOVERNMENT AND AN EFFECTIVE ADMINISTRATION." PRESIDENT THIEU ALSO DECLARED, "WE WILL REINFORCE OUR ARMED FORCES AND OUR POGZTICAL STRENGTH, AND THIS IS THE WAY PEACE WILL RETURN TO SVN."

ON JAN 19 THE PRESIDENT RESUMED HIS TOUR OF FRONT LINE TROOPS WITH A VISIT TO AN LOC, LAI KHE, AND THEN TO POSITIONS ALONG RT 13 NORTH TOWARD CHON THANH. WHILE FLYING BY HELICOPTER, THE PRESIDENT SPOTTED AN ARVN ARMORED UNIT ALONG THE ROAD, LANDED AND DISTRIBUTED A TET GIFT TO THE SURPRISED TROOPS. THE PRESIDENT IS EXPECTED TO CONTINUE HIS TOUR WITH A VISIT TO MR-4.

THE SAIGON PRESS, BEFORE SIGNING OFF FOR THE TET HOLIDAY, GAVE EXTENSIVE COVERAGE TO THE PRESIDENT'S TRAVELS, EMPHASIZING WITH PICTURES HIS CONTACTS WITH THE SOLDIERS. THERE HAVE BEEN PHOTOGRAPHS OF HIM SHARING COMBAT RATIONS WHILE SITTING ON THE GROUND, APPROVINGLY VIEWING COMBAT EQUIPMENT, AND PASSING OUT TET GIFTS AND PRAISE.

E. EMPHASIS ON SECURITY MEASURES DURING TET THE MEDIA CONTINUES TO STRESS THE SECURITY PRECAUTIONS WHICH PRESIDENT THIEU HAS ORDERED FOR THE TET PERIOD (TET OFFICIALLY BEGINS AT MIDNIGHT JAN 22 AND LASTS THREE DAYS). CONFIDENTIAL

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PARTICULAR EMPHASIS HAS BEEN ACCORDED OBSERVANCE OF CURFEW; NO CURFEW EXTENSION WILL BE PERMITTED, AND THE GOVERNMENT HAS MADE IT CLEAR THAT VIOLATIONS WILL BE REGARDED SEVERELY. IN ADDITION TO THE MILITARY AND POLICE ALERTS, THE GVN HAS ORDERED CERTAIN CIVIL SERVANTS TO SLEEP IN THEIR OFFICES. THERE SEEMS, HOWEVER, NO GREAT PUBLIC APPREHENSION OF ANY MAJOR ATTACKS ON POPULATIONSCENTERS DURING THE HOLIDAYS. ALTHOUGH THE POSSIBILITY OF SOME SPECTACULAR SAPPER EFFORT IS NOT DISCOUNTED.

F. LABOR DISPUTE SETTLED

A LABOR DISPUTE AT THE MISSION-OPERATED COMMISSARY HAS BEEN RESOLVED AND THE WORKERS HAVE RETURNED TO THEIR JOBS. ON JAN 18

THE VEHICLE ENTRANCEWAY WAS BLOCKED BY PICKETING WORKERS, AND A TRAGEDY ENDUED WHEN A VEHICLE DRIVEN BY AN AMERICAN CITIZEN DEPENDENT WIFE RAN OVER AND KILLED ONE OF THE PICKETING WORKERS AND INJURED ANOTHER. AN ANGRY CONFRONTATION WITH THE WORKERS RESULTED BUT WAS SATISFACTORILY RESOLVED AFTER INTENSIVE NEGOTIATIONS. THE EVENT HAS RECEIVED MINIMAL PRESS PLAY AND THERE WAS AT NO TIME ANY "RIOTING," DESPITE PRESS ACCOUNTS TO THE CONTRARY.

G. NATIONAL ASSEMBLY ISSUES PROCLAMATION ON PARACELS ISSUE AT AN EXTRAORDINARY JOINT SESSION OF THE NATIONAL ASSEMBLY JAN 20 (ONE DAY AFTER THE SESSION REPORTED ABOVE APPROVING CONSITUTIONAL AMENDMENTS), A PROCLAMATION WAS VOTED DENOUNCING CHINA'S ACTIONS AT THE PARACEL ISLANDS. AS REPORTED THE FOLLOWING DAY BY THE OFFICIAL NEWS SERVICE VIETNAM PRESS, THE NATIONAL ASSEMBLY APPEALED TO THE UN SECURITY COUNCIL, TO THE INTERNATIONAL COURT AT THE HAGUE AND TO ALL "PEACE)LOVING NATIONS OF THE WORLD TO ACT POSITIVELY TO STOP THIS AGRESSION." THE ASSEMBLY ASSERTED THAT SOUTH VIETNAMESE SOVE E E E E E E

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PA-04 RSC-01 DRC-01 DPW-01 PRS-01 OMB-01 SS-20 /156 W

O R 221110Z JAN 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 1048

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

RUMJBTBZAMEMBASSY FRKARTA 2742

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE AMEMBASSY WARSAW AMEMBASSY WELLINGTON USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

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II. EXTERNAL

A. PRC/GVN NAVAL CONFLICT OVER PARACELS

A ROUTINE VISIT BY A VNN VESSEL TO A GVN WEATHER STATION IN THE PARACEL ISLANDS IN THE SOUTH CHINA SEA RESULTED IN A BRIEF HOSTILE CONTACT BETWEEN RVN AND PRC SHIPS. THE VISITING VNN SHIP DETECTED CHINESE ACTIVITY ON AND NEAR THE CRESCENT ISLAND GROUP. THE VNN SHIP DROPPED ANCHOR TO SURVEIL THE CHINESE ACTIVITIES. THE GVN PROMPTLY PROTESTED THE CHINESE ACTIONS AS A VIOLATION OF GVN SOVEREIGNTY IN STATEMENTS IN SAIGON AND NEW YORK.

ON JAN 18, THE GVN CIRCULATED A NOTE TO THE UNSC SETTING FORTH ITS CLAIMS WITHOUT, HOWEVER, REQUESTING A COUNCIL MEETING. AT THE SAME TIME THE ROC CHIMED IN WITH ITS OWN CLAIMS (CLOSELY PARALLELING THE PRC'S.) THE VNN DISPATCHED THREE OTHER SHIPS TO REINFORCE THE FIRST VESSEL AND TO LAND A SEAL TEAM ON DUNCAN ISLAND WHICH WAS APPARENTLY OCCUPIED BY PLA TROOPS. THE SEAL TEAM WAS EMSOGED BY THE PLA AND WAS WITHDRAWN WITH A SEA ENGAGEMENT RESULTING. THREE VNN SHIPS WITHDREWIHND PROCEEDED TOWARD DANANG, HAVING SUSTAINED SIGNIFICANT CASUALTIES (10 KIA, 36 WIA) AND DAMAGE. THE FOURTH VESSEL, A PARTOL CRAFT ESCORT WITH A COMPLEMENT OF 82 MEN, WAS MISSING. FOUR ADDITIONAL SMALL VNN CRAFT WERE DESPATCHED TO SEARCH FOR THE MISSING PCE. FOUR PRC VESSELS WERE HIT AND SUNK OR BEACHED.

ON SUNDAY MORNING CHINESE AIR AND NAVAL UNITS ATTACKED IN FORCE WITH A DETERMINED AIR AND NAVAL BOMBARDMENT AND A LANDING AGAINST GVN FORCES ON MONEY AND ROBERT ISLANDS AND THE WEATHER STATION ON PATTLE ISLAND. THE VNN VESSELS IN THE AREA WERE ORDERED TO WITHDRAW TO AVOID CHINESE MIG AIRCRAFT WHICH HAD CONFIDENTIAL CONFIDENTIAL

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ARRIVED ON THE SCENE. COMMUNICATIONS WERE LOST WITH THE GVN FORCES ON ALL THREE ISLANDS, LEAVING THE CHINESE IN FULL CONTROL OF THE PARACELS.

REACTION IN SAIGON HAS BEEN HEATED, EXTENSIVE AND UNANIMOUSLY IN SUPPORT OF THE GOVT IN THIS CLEAR-CUT ISSUE OF NATIONAL HONOR AND SOVEREIGNTY. CALLING FORTH HISTORIC AND NEAR-UNIVERSAL VIETNAMESE RESENTMENT OF CHINESE DOMINATION, THE GVN HAS LOST LITTLE TIME IN EXPLOITING THE EMBARRASSING POSITION INTO WHICH CHINESE ACTIONS HAVE PLACED HANOI.

B. "PRG"-REJECTS GVN PROPOSALS IN PARIS

THE GVN'S SENSE OF FRUSTRATION WITH THE LACK OF PROGRESS IN THE TWO-PARTY TALKS IN PARIS CONTINUES GROW, DEPUTY PM NGUYEN LUU VIEN RETURNED TO PARIS AFTER A LONG TDY IN SAIFON AND ON JAN 18 ATTEMPTED TO SECURE SERIOUS "PRG" CONSIDERATION OF A NEW PROPOSAL FOR THE GENERAL ELECTIONS TO BE HELD NEXT JULY 20, WHICH IS THE 20TH ANNIVERSARY OF THE GENEVA ACCORDS OF 1954. HIS PRESENTATION, WHICH WAS CONCILIATORY IN TONE AND A CLEAR ATTEMPT TO EXPLOIT THE FRIENDLY SPIRIT OF THE TET SEASON, ALSO INCLUDED A PROCEDURAL PROPOSAL THAT THE PARTIES LUNCH TOGETHER AFTER EACH SESSION SO AS TO PERMIT THE TWO DEL HEADS TO SPEAK INFORMALLY TO ONE ANOTHER. HE ALSO URGED THAT BOTH SIDES ATTEMPT TO USE COURTEOUS AND RESTRAINED LANGUAGE WITH ONE ANOTHER IN FUTURE DISCUSSIONS. HE PROPOSED THAT THE TWO SIDES MEET AGAIN JAN 25, THE THIRD DAY OF TET, TO CONTINUE THEIR DISCUSSIONS, AND URGED CAREFUL AND HONEST CONSIDERATION OF HIS PROPOSALS BY THE OTHER SIDE.

PRG "AMBASSADOR" DINH BA THI'S REPLY, COMBINED WITH THE "PRG" SPOKESMAN'S POST-SESSION PRESS CONFERENCE REMARKS, OFFERED ONLY MORE OF THE SAME BOILER PLATE, AN ALMOST OUT-OF- HAND REJECTION OF VIEN'S PROPOSALS, AND, IF ANYTHING, A SLIGHT ESCALATION OF THE RHETORIC. THE PARTIES MEET AGAIN JAN 25.

C. AFP: HANOI REACTS TO PARACEL ISLANDS DISPUTE.

"AGENCE FRANCE PRESSE" (AFP) REPORTED ON JAN 21 ITS
HANOI CORRESPONDENT HAD BEEN TOLD BY "AUTHORIZED NORTH VIETNAMESE
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SOURCES" THAT THE DRV BELIEVED TERRITORIAL DISPUTES SHOULD BE SETTLED BY "NEGOTIATION AND IN A SPIRIT OF EQUALITY, MUTUAL RESPECT, FRIENDSHIP AND GOOD NEIGHBORLINESS." TO ELIMINATE ANY TRACE OF A SUGGESTION THAT THE PRC NEGOTIATE WITH THE GVN THE SOURCE WENT ON TO STATE THAT HANOI RECOGNIZED ONLY ITS OWN SOUTHERN APPARATUS, THE "PRG", AS THE LEGITIMATE REP OF THE SOUTH. (COMMENT: THIS ITEM, WHILE NOT YET APPEARING IN OFFICIAL HANOI MEDIA, SOUNDS AUTHORITATIVE. HANOI HAS NOT, IN THE PAST LAID CLAIM TO THE PARACELS, APPARENTLY DEFERRING TO PEKING IN THE MATTER. THE CALL FOR "NEGOTIATION" ABOVE, HOWEVER, INDICATES THAT HANOI HAS RE-EVALUATED ITS STANCE AND MAY, AT SOME FUTURE DATE, PRESSURE THE CHINESE FOR SOME CONCESSIONS IN THE ARE. END COMMENT.)

D. DRV IATUES "WHITE BOOK" ON ANNIVERSARY OF PARIS AGREEMENT

ON JAN 17 HANOI'S FOREIGN MINISTRY ISSUED TO THE LOCAL
AND FOREIGN PRESS CORPS A SO-CALLED "WHITE BOOK" REVIEWING
DEVELOPMENTS IN VIET-NAM SINCE THE SIGNING OF THE PARIS
AGREEMENT. THE DOCUMENT HIGHLIGHTED THE COMMUNISTS' "STRICT
ADHERENCE" TO THE PROVISIONS OF THE AGREEMENT IN THE PAST AND
ASSERTED THAT THEY WILL CONTINUE TO ABIDE BY IT IN THE FUTURE.
HOWEVER, THE "WHITE BOOK" ALSO STRONGLY ENDORSED COMMUNIST
MILILURY OPERATIONS TO "PUNISH" GVN "WAR ACTS." THE DOCUMENT
CONTINUE THE TREND NOTED DURING RECENT MONTHS OF PLACING THE ONUS

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PA-04 RSC-01 DRC-01 DPW-01 PRS-01 OMB-01 SS-20 /156 W

O R 221100Z JAN 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 1051

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL.

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

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FOR ALLEGED GVN VIOLATIONS ON THE US. THUS, IT CLAIMED THAT THE US "SUPPORTS AND ENCOURAGES" GVN MILITARY OPERATIONS, THA THE US HAS INTRODUCED WEAPONS AND WAR MATERIAL IN CONTRAVENTION OF ARTICLE SEVEN, AND EVEN THAT THE US "IS THE SUPPORTER OF THE POLICE ORGANIZATION AND SYSTEM OF PRISONS" IN WHICH "HUNDREDS OF THOUSANDS" OF POLITICAL PRISONERS ARE DETAINED. THE "WHITE BOOD" ALSO SPOKE OF "ADVANCING TOWARD NORMALIZATION" OF RELATIONS WITH THE US BUT, PREDICTABLY, ATTACHED A NUMBER OF VAGUE CONDITIONS FOR SUCH AN "ADVANCE" AND PUT HANOI IN THE POSITION OF SOLE JUDGE AS TO WHEN AND WHETHER THOSE CONDITIONS HAVE BEEN SATISFIED. THE GVN REACTED TO THE DOCUMENT IN PREDICTABLE FASHION.

THAT THE "WHITE BOOK" REVEALED THE "WAR-LIKE NATURE" OF THE COMMUNISTS AND PROVED THAT HANOI CONTROLLED THE ACTIVITIES OF COMMUNISTS IN THE SOUTH.

E. ITALIAN VISITORS TO HANOI DONATE AID.

A DELEGATION OF THE "ITALY-VIETNAM COMMITTEE" WHICH HAS BEEN IN NORTH VIET-NAM FOR THE PAST WEEK TRUNED OVER AN UNSPECIFIED AMOUNT AND TYPE OF AID AT A CEREMONY IN HANOI ON JANUARY 16 THE ITALIAN DELEGATION INCLUDED MRS. TULLIA CARRETONI, IDENTIFIED IN HANOI MEDIA WAS VICE PRESIDENT OF THE EPMGIA.

SENATE. ON BEHALF OF THE "VIETNAME PEACE COMMITTEE," HOANG TUNG (CENTRAL COMMITTEE ALTERNATE AND EDITOR OF THE PARTY NEWSPAPER) THANKED THE ITALIANS FOR THE DONATIONS, AND POINTED OUT THAT FOREIGN SUPPORT FOR THE VIETNAMESE COMMUNISTS SINCE THE SIGNING OF THE PARIS AGREEMENT "KEEPS DEVELOPING VIGOROUSLY." TRADE UNIONIST DR. ANGELO JENNARI PLEDGED CONTINUED SUPPORT FOR HANOI IN ITS EFFORTS TO ANNEX SOUTH VIET-NAM.

F. VIET CONG DELEGATION ENDS VISIT TO LAOS.

NLF CHIEFTAIN NGUYEN HUU THO AND HIS RETINUE DEPARTED LAOS CONFIDENTIAL

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ON JANUARY 16 AFTER A FOUR DAY STAY IN THE COMMUNIST-CONTROLLED ZONE OF LAOS. A JOINT COMMUNIQUE ON THE VISIT STATED THAT THE VIETNAMESE AND LAO COMRADES "FULLY AGREED ON ALL MATTERS DISCUSSED." BOTH SIDES CONDEMNED THE US FOR CONTINUING ITS "NEOCOLONIALIST" ACTIVITIES IN VIET-NAM AND LOAS. SPEAKING ON BEHALF OF THE SO-CALLED "PRG", THE VIETNAMESE COMMUNISTS STATED THAT THEY "STAND READY" TO ESTABLISH RELATIONS WITH THE COALITION GOVERNMENT IN LAOS, ONCE IT IS FORMED. THE LAO COMMUNISTS, FOR THEIR PART, AVERRED THAT THE NEW GOVERNMENT SHOULD SUPPORT "EVERY EFFORT" OF THEIR VIETFUMZAFCOMRADES "AIMED AT IMPLEMENTING THE PARIS AGREEMENT",

INCLUDING MILITARY ATTACKS ON GVN FORCES TO "PUNISH" THE LATTER FOR VIOLATIONS OF THE AGREEMENT. THE LAO SIDE ALSO HELD THAT THE NEW GOVERNMENT SHOULD "FULLY RECOGNIZE THE FACT THAT THERE ARE TWO ADMINISTRATIONS IN SOUTH VIET-NAM," THUS INDICATING THAT THE COMMUNIST HALF OF THE FUTURE COALITION REGIME IN VIETIANE WILL PUSH FOR FORMAL RECOGNITION OF THE "PRG". THE TWO SIDES SIGNED AGREEMENTS ON ECONOMIC AND CULTURAL EXCHANGES AND ALSO AGREED TO EXCHANGE RESIDENT REPRESENTATIVES.

HANOI RADIO REPORTED ON JANUARY 18 THAT THO HAD STOPPED OFF IN HANOI THE DAY BEFORE ON HIS WAY BACK TO COMMUNIST-CONTROLLED NORTHERN QUANG TRI PROVINCE. HE WAS GREETED AND FETED BY PARTY AND STATE NOTABLES WHO "ENTHUSIASTICALLY GREETED" THE SUCCESS OF HIS VISIT TO LAOS. THO'S DEPARTURE FROM HANOI HAS NOT YET BEEN NOTED IN COMMUNIST MEDIA.

G. COMMUNISTS BLAST THIEU'S AMENDMENT "PLOT".

VIETNAMESE COMMUNIST MEDIA UNLEASHED A HAIL OF PROPAGANDA BULLETS AGAINST THE GVN-BACKED EFFORT TO AMEND THE 1967 CONSITUTION. LIBERATION RADIO CHARGED IN A JANUARY 15 BROADCAST THAT THE AMENDMENT DRIVE WAS AN ATTEMPT BY PRESIDENT THIEU TO "GATHER POWER INTO HIS HAND" AND TO "PRLONG HIS RULE" IN ORDER TO CONTINUE "DESPOTIC AND FASCIST POLICY." HANOI'S PARTY NEWSPAPER NHAN DAN CHIMED IN ON JANUARY 17 WITH A COMMENTARY ALLEGING THAT THIEU'S "DESIRE AND UGLY INTERESTS" FROM THE BASES FOR ALL GVN LAWS AND EVEN THE CONSTITUTION ITSELF. NHAN DAN WENT ON TO CLAIM THAT THIEU'S MOVE SHOWED THAT HE IS "STUBBORNLY OPPOSING THE IMPLEMENTATION OF THE PARIS AGREEMENT," BUT THE PAPER NEGLECTED TO SAY WHICH ARTICLE OF THE AGREEMENT WAS RELEVANT IN THIS REGARD. THE COMMENTARY PREDICTED THAT THIEU WOULD FAIL IN HIS EFFORTS TO FORM A "DICATORSHIP" BECAUSE CONFIDENTIAL

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"OUR COMPATRIOTS AND THE THIRD POLITICAL FORCE ARE RESOLVED TO OPPOSE THEM."

H. COMMUNISTS LAUD MINH STATEMENTS.

VIET CONG BROADCASTS REPORTED APPROVINGLY COMMENTS MADE BY GENERAL DUONG VAN MINH ON JANUARY 16 AMONG WHICH, ACCORDING TO THE BROADCASTS, WERE ALLEGATIONS THAT PRESIDENT THIEU WAS RESPONSIBLE FOR "PREVENTING AND SABOTAGING THE PARIS AGREEMENT." THE VIET CONG SAID THAT MINH CONDEMNED THIEU'S "SCHEME" TO AMEND THE CONSTITUTION BECAUSE "TO AMEND THE CONSTITUTION MEANS TO REFUSE TO IMPLEMENT THE PARIS PEACE AGREEMENT." MINH WAS ALSO REPORTED TO HAVE PREDICTED THIEU WOULD BE "THROWN OUT" UNLESS HE ACCEPTS "THE ROAD OF RECONCILIATION." IN FACT, HOWEVER, THE MINH STATEMENT WAS A RELATIVELY NON-POLEMICAL APPEAL FOR UNITY AMONG THE OPPOSITION AND STRESSED ABOVE ALL THAT NOW IS NOT THE TIME FOR ANY DRAMATIC OPPOSITION MOVES.

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ACTION EA-14

INFO OCT-01 EUR-25 NEA-11 ISO-00 SSO-00 INRE-00 AID-20

EB-11 FSI-01 PM-07 INR-10 IO-14 L-03 NSAE-00 NSC-10

PA-04 RSC-01 DRC-01 DPW-01 PRS-01 OMB-01 SS-20 /156 W

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O R 221100Z JAN 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 1052

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDCHGTUYE

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS UNN

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WHITE HOUSE

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CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

AMEMBASSY TEHRAN

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END CONFIDENTIAL

BEGIN UNCLASSIFIED

III. ECONOMIC

A. GENERAL.

THE LAST WEEK OF THE YEAR OF THE BUFFALO EXPIRED WITHOUT ANY FRESH NEWS OF GVN CONTROL MEASURES OR PRICE INCREASES. THE RNRREPRESSIBLE VIETNAMESE, LOATHE TO REDUCE THEIR PARTICIPATION

IN TRADITIONAL TET FESTIVITIES DESPITE THE YEAR'S ECONOMIC HARDSHIPS, THRONGED THE MARKETS IN SURPRISING NUMBERS. AS IN PREVIOUS YEARS, ENOUGH BUYING OCCURRED TO PUSH PRICES DRAMATICALLY UPWARD. THIS YEAR, THE SEASONAL PRICE REACTION NORMALLY EXPECTED IN THE WAKE OF TET WILL BE OFFSET BY NEW MEASURES TO COME, ESPECIALLY WITH REGARD TO POL PRICES.

B. PRICES

ON THE EVE OF THE YEAR OF THE TIGER, FOOD PRICES SURGED UPWARD BY 13 PER CENT AS CONSUMERS STOCKED UP PRIOR TO THE MARKET CLOSING FOR THE THREE-DAY HOLIDAY. TWENTY-TWO OF THE TWENTY

THREE COMMODITIES IN THE FOOD CATEGORY ROSE BETWEEN 5-50 PER CENT. THE FOOD AND NON-FOOD INDEX COMBINED GAINED 8.8

PERCENT OVER LAST WEEK, RESTRAINED

BY A SMALL DECLINE IN RICE PRICES AND ONLY A 1.1 PERCENT GAIN IN NON-FOOD PRICES.

CWJ BLACK MARKET CURRENCY AND GOLD PRICES
BLACK MARKET DOLLAR PRICES WERE UNCHANGED DURING THE WEEK,
WITH US \$100 STILL SELLING AT THE OFFICIAL RATE OF 560-1.
GOLD LEAF, HOWEVER, ROSE MODERATELY TO THE DOLLAR EQUIVALENT OF
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\$106.64 PER TROY OUNCE, UP FROM \$102.90 A WEEK AGO. THE INCREASE WAS PROABLY A REACTION TO A SIMILAR TREND IN HONGNCONG QUOTES.

D. AGRICULTURE DEVELOPMENT BANK (ADB) LOANS UP SHARPLY IN 1973 ADB REPORTS THAT IT NEARLY DOUBLED ITS LOANS IN 1973. THE BANK LENT A TOTAL OF VN\$33 BILLION DURING THE YEAR, COMPARED TO ONLY VN\$19 BILLION IN 1972. THE NUMBER OF LOANS MADE ALSO ROSE SHARPLY, FROM 203,000 IN 1972 TO 329,000 PIST UEAR. ALTHOUGH ANNUAL FIGURES ON THE PRIVATE RURAL BANKS ARE NOT YET AVAILABLE, IT IS EXPECTED THLAT THEY WILL RAISE TOTAL AGRICULTURAL CREDIT ABOVE \$40 BILLION FOR THE YEAR. THE GOVERNMENT HAS ANNOUNCED THAT IT PLANS TO DOUBLE AGRICULTURAL CREDIT AGAIN IN 1974. MARTIN

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TAGS: PINT, PFOR, ECON, VS To: STATE

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